

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6735

BILL NUMBER: SB 306

NOTE PREPARED: Feb 16, 2009

BILL AMENDED: Feb 12, 2009

SUBJECT: Competitive Bids for Specialty Pharmacy Services under Medicaid Program.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill allows the Office of Medicaid Policy and Planning to seek competitive bids for specialty pharmacy services.

Effective Date: July 1, 2009.

Explanation of State Expenditures: (Revised) The fiscal impact of this bill would depend on actions taken by the Office of Medicaid policy and Planning and the extent to which competitive bidding for specialty pharmacy services might result in cost savings to the Medicaid program. Potentially, state and federal savings could be extended to the Children's Health Insurance Program (CHIP) as well.

Medicaid is a jointly funded state and federal program. Funding for direct services is reimbursed at approximately 63% by the federal government, while the state share is about 37%. Funding for administrative services is generally shared 50/50.

CHIP is jointly funded by the state and federal governments. The state share of medical expenditures is approximately 26%. CHIP medical services are matched by the federal match rate (FMAP) in Indiana at approximately 74%. Administrative expenditures are generally matched at 50%. The state share of CHIP has been appropriated from the Tobacco Master Settlement Agreement Fund since the program's inception.

Explanation of State Revenues: See *Explanation of State Expenditures*.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning, Family and Social Services Administration.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Kathy Norris, 317-234-1360.